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Estelle Chisholm
Project Manager
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Families and Children Health Program Group/CMSO
7500 Security Boulevard
Baltimore, Maryland 21244

Dear Estelle:

I am writing in response to the questions raised regarding **Indiana's** CHIP State Plan. I hope this material provides the information that is needed to resolve remaining **issues** and enable Indiana's CHIP State Plan to be finalized. The 150% FPL expansion **takes** effect on **July 1, 1998**, and the State would like to have final approval from the Health Care Financing Administration (HCFA) before the end of June **if** possible.

Section 1.2 General Description and Purpose:

Indiana assures that the Title XXI State Plan will be conducted in compliance with **all civil** rights requirements.

Section 2.3 Background and Description of State Approach:

A Indiana will submit a Medicaid State Plan Amendment by August 1, **1998**. The Amendment will reflect coverage of two poverty level groups. 1902(l)(1)(C) and 1902(l)(1)(D) **up to 150% of** the Federal Poverty Level (FPL) using 1902(r)(2) effective July 1, 1998.

B. The term "SOBRA" applies to the "u(3)" children -- children born before October 1, **1983** up to 100% FPL. **In** addition to covering the "u(3)" children, pursuant to Indiana **P.L. 58-1998**, the State has expanded Medicaid eligibility to all children under 19 **up to 150% FPL**. As explained in Question 2.3 A above, Indiana's CHIP plan covers children under the **poverty level** groups.

The Office of Medicaid Policy and Planning (OMPP) is in the process of modifying the **Indiana** AIM System (Indiana's MMIS) to be able to distinguish the "u(2)" children in the new expansion group who have health insurance. For these children, the State will only **claim** the regular Medicaid FMAP. The **AIM System** will also be modified to generate reports that will allow the State to claim the enhanced match for the "u(3)" children regardless of their private insurance coverage.

C. Indiana P.L. **58-1998** authorizes presumptive eligibility from September 1, 1998 through August 31, 1999. This legislation gives the Family and Social Services Administration (**FSSA**) flexibility to impose additional requirements on qualified entities.

Indiana believes that maximizing the number of outstationing sites is the optimal way to get children enrolled in the Medicaid program before the time when the family is faced with an urgent medical condition. The State is currently in the process of establishing outstationing sites for Medicaid eligibility determinations at federally qualified health centers and certain hospitals. The establishment of additional outstationing sites throughout the **State** will be implemented in accordance with recommendations **by** each individual local county office of **the** Division of Family and Children (DFC) in consultation with interested community partners (i.e. child care voucher agents, WIC and MCH clinics, Head Start Centers etc).

After the State has established the outstationing sites at locations identified in the County DFC Directors' plans, the State will then evaluate how to implement a presumptive eligibility program so as to enhance and build upon the outstationing efforts. **Based** upon these considerations, Indiana cannot, at this **time**, estimate when a presumptive eligibility **program will** be implemented and what the **specific** design of the program will **look** like. Once these issues are decided, HCFA will be notified immediately

D/1. Indiana's Title XIX State Plan Amendment 97-006 contains an error in the explanation of the income disregard that **is** to be applied to **the** qualified children group under Section 1902(a)(10)(A)(1)(III). It should read:

"DISREGARD INCOME IN THE AMOUNT OF THE DIFFERENCE BETWEEN 100 PERCENT OF 'THE AFDC PAYMENT STANDARD AND 100 PERCENT OF THE FEDERAL POVERTY LEVEL FOR THE FAMILY SIZE INVOLVED, AS REVISED ANNUALLY IN THE FEDERAL REGISTER, PLUS ONE DOLLAR."

Before June 30, 1998, Indiana will submit a Medicaid State Plan Amendment that will reflect coverage of children under 19 born after March 31, 1979, under Section 1902(l)(1)(D) **as** amended by Section 4731(b) of the Balanced Budget Act of 1997. This will eliminate use of 1902(r)(2) to cover children age 14 through **I3** at 100 %FPL, effective April 1, 1998.

Since the May 13, 1997 Title XIX State Plan Amendment, Indiana has been covering the following groups of children:

- Infants up to 150% FPL;
- Children under 6 up to 133% FPL;
- Children 6 through 18 up to 100% FPL. **

** Children born before October 1, 1983 have been covered effective June 1, 1997.

Indiana P.L. 58-1998 expands Medicaid coverage to 150% **FPL** for all children up through age 18. This provision is contained in Section 6 of the legislation.

D/2. Continuous eligibility was authorized by state legislation. It is effective from September 1, 1998 through August 31, 1999. This provision enables Medicaid eligible children under age 19 to continue to receive Medicaid benefits until the end of a period of twelve consecutive months or until the child reaches 19, whichever comes first. Procedures will **be** in place to ensure that those individuals determined to no longer be eligible for Food Stamps **as a result** of quarterly review will continue to be eligible for Medicaid under the continuous eligibility provision. Medicaid evaluations will take place once per year, which is consistent with continuous eligibility.

Section 5 Outreach and Coordination:

5.1 When used in the context of outreach, Indiana is not referring to the common definition of delinking, that being the separation of the Low Income Families Medicaid category from TANF. When Indiana first installed our automated eligibility system five years ago, we integrated the application process for AFDC, Medicaid and Food Stamps. This was an improvement for our families who routinely wished to apply for all programs and could then do so in one application and with one interview. However, with the Medicaid expansion, we will **be** serving more children whose families are not eligible for TANF and Food Stamps, and, as a result, we are “tlelinking” the application process by creating a clearer avenue for families to apply **for** Medicaid only. This will make the application process easier and will aid in destigmatizing Medicaid by placing the emphasis on it as a health care program rather than **as a** welfare program.

5.2. Since Indiana’s CHIP program is a one-year Medicaid expansion **of all** low-income children below 150% FPL, Indiana does not expect crowd-out to be a significant problem. Applicants are asked on the application whether the children have other health insurance coverage, and the State is diligent in tracking and discovering (through matching) whether recipients have third party liability insurance so that Medicaid is the payor of last resort. Since applicants will **be** allowed **to** maintain their insurance coverage -- u(2) children with insurance will be covered under the regular match -- there will be less of an incentive for families to drop coverage. Based upon the crowd-out research, we do not expect crowd-out to be an issue with a 150% FPL expansion. However, the state is currently evaluating the manner in which Phase 2 of CHIP **will be** implemented. The CHIP crowd-out and eligibility subcommittee will be making extensive recommendations about how to address this issue under the Phase 2 program.

Section 9 Strategic Objectives and Performance Goals:

9.2. Baseline data for the seven strategic objectives and performance **goals** are **as** follows:

- 9.1.1. Currently it is estimated that about 55,000 uninsured children are currently eligible for Medicaid but not enrolled. An estimated 36,000 additional children will become eligible for **Medicaid** under the expansion, effective July 1, 1998. Therefore, of the over 90,000 uninsured children, Indiana's goal is to enroll 40,000 of them by January 1, 1999. As a result, the percentage of uninsured children under 150% of the federal poverty level will be lower in the 1999 CPS than in the 1998 CPS.

- 9.1.2. **Baseline** - As of this date, there are approximately 190,000 children enrolled in Hoosier Healthwise. There are an estimated 55,000 uninsured children who are currently eligible for **Medicaid** but not enrolled. **By January 1, 1999**, Indiana estimates that there will be at least a 10% increase in non-CHIP Medicaid enrollment, which means that an additional 19,000 non-CHIP enrollees are **expected** to be served by January 1, 1999.

- 9.1.3. **Baseline** - **Since** currently there are no children enrolled in Title XXI, there are no baseline data for this performance goal - other than 0. Currently, all children eligible for Hoosier Healthwise are enrolled. (ie 100 percent) The six-month average auto-assignment rate for current Hoosier Healthwise enrollees is **22.5** percent.

- 9.1.4. **Baseline** - Since currently, there are no children enrolled in Title XXI, there are no baseline data for this performance goal - other than 0. However, currently, 83 percent of the parents surveyed annually through the Hoosier Healthwise member satisfaction survey expressed overall satisfaction with the Hoosier Healthwise program.

- 9.1.5. Since currently, there are no children enrolled in Title XXI, there are no baseline data for this performance goal - other than 0. However, currently, 53 percent of the providers surveyed annually through the Hoosier Healthwise provider survey results expresses overall satisfaction with the Hoosier Healthwise program.

- 9.1.6. Currently, 100% of the applications for Medicaid are taken at **the** office of the Division of Family and Children. Indiana is implementing a simplified application and is opening enrollment centers across the state in hospitals, community health centers and other places that will make it easier and more convenient for families to apply. A system will be in place to track where an application is taken.

9.1.7 Currently, HEDIS measures for 2-year old immunization rates for Indiana show that 73 percent of 2-year olds have complete **immunizations**. in addition, **in 1996** an estimated 37% of all children enrolled in Medicaid received at least one screening service (as reported by Hoosier Healthwise providers). Broken down **by** age group, the participation rate was: **83%** for children under 1; **30%**for children 1-5; 20% for children 6-14; and 6% for children 15-20.

9.10:

A. The Medicaid appropriation is a state General Fund appropriation. The Indigent Care Trust Fund dollars represent a fixed **balance** of dedicated funds available to the state based upon the accumulation of funds from intergovernmental transfers in previous years. Such funds are fixed in that no additional funds **will** accumulate. State statute allows these funds to be used to pay the state's share of Medicaid expenditures for low income pregnant women **and** children. Since the CHIP legislation was enacted in the middle of the State's fiscal cycle, no CHIP appropriation was provided in the biennial budget. Therefore, the General Assembly authorized use of the Indigent Care Trust Fund for one year as a contingency in case the state Medicaid appropriation **is** insufficient to cover these additional costs.

B. A revised three-year budget estimate, based on ramp-up assumptions, is provided below. Please disregard the budget estimates provided in the **first State Plan**, Since its submission, new cost and population information have been made available.

For FFY 1998, **the** SOBRA/u(3) expansion includes a full year of costs, since it was effective before October 1, 1997. However, the 150% expansion will only be in effect for three months in FFY 1998, beginning July 1, 1998 (per state stature).

The SOBRA/u(3) population decreases each year because a child must be born before October 1, 1983 to qualify. The FFY 98 estimated eligible population was 65,5 **15**; the **FFY** 99 population decreased by one-fifth (54,412); the FFY 00 population decreased by one-fourth (**39,309**).

Expenditures for FFY 98 -- Estimate based on Ramp-up:

	<i>Total Cost:</i> (Federal and State)	<i>State Cost.</i>
<i>Cost of Benefits:</i>		
SOBRA/u(3) expansion (14 to 18 year olds) (16,250 children by year end)	\$ 12,489,196	\$ 3,383,693
150% FPL expansion (7,500 children by year end)	\$ 973,980	\$ 265,799
Total Cost of Benefits:	\$ 13,463,176	\$ 3,649,493
<i>Administrative Costs:</i>		
Item 1: Direct Purchase:	\$ 0	\$ 0
Item 2: Health Service Initiatives	\$ 0	\$ 0
Items 3: Outreach Costs	\$ 237,500	\$ 64,149
* Production and Dissemination of Materials	\$ 50,000	\$ 13,505
"Education and Marketing	\$ 187,500	\$ 50,644
Item 4: Administrative Costs	\$ 1,258,408	\$ 39,896
* Planning and Public Input	\$ 137,500	\$ 7,139
* Staff - Professional Services	\$ 330,000	\$ 88,133
* Automation/claims processing	\$ 750,153	\$ 202,616
Item 5: Evaluation	\$ 10,000	\$ 2,701
Item 6: Other Expenses	\$ 30,755	\$ 8,307
Total Administrative Cost:	\$ 1,495,908	\$ 403,045
Total FFY 98 Program Cost:	\$ 14,959,084	\$ 4,054,992

Expenditures FFY 99 -- Estimate based on Ramp-up

	Total Cost: (Federal and State)	State Cost:
<i>Cost of Benefits:</i>		
SOBRA/u(3) expansion (14 to 18 year olds) (29,000 children by year end)	\$ 24,628,695	\$ 6,721,171
150% FPL expansion (20,250 children by year end)	\$ 13,734,102	\$ 3,748,053
Total Cost of Benefits:	\$ 38,362,857	\$ 10,469,224
<i>Administrative Costs:</i>		
Item 1: Direct Purchase:	\$ ***	\$ ***
Item 2: Health Service Initiatives	\$ ***	\$ ***
Items 3: Outreach Costs	\$ 600,000	\$ 163,740
*Production and Dissemination of Materials	\$ 200,000	\$ 54,580
* Education and Marketing	\$ 400,000	\$ 109,160
Item 4: Administrative Costs	\$ 3,662,510	\$ 999,507
* Planning and Public Input	\$ 452,500	\$ 123,487
* Staff - Professional Services	\$ 800,000	\$ 218,320
*Automation/claims processing	\$ 1,648,770	\$ 449,949
Item 5: Evaluation	\$ 600,000	\$ 163,740
Item 6: Other Expenses	\$ 161,270	\$ 44,011
***It is expected that the final Indiana Children's Health insurance Program will include some direct purchasing of services and health service initiatives. Expenditure estimates will be provided in the Phase II State Plan, once additional legislation is enacted.		
Total Administrative Cost:	\$ 4,262,540	\$ 1,163,247
Total FFY 99 Program Cost:	\$ 42,625,397	\$ 11,632,471

Expenditures FFY 00 -- Estimate based on Ramp-up:

	<i>Total Cost:</i> (Federal and State)	<i>State Cost:</i>
<i>Cost of Benefits:</i>		
SOBRA/u(3) expansion (14 to 18 year olds) (30.500 children by year end)	\$ 30,479,512	\$ 8,317,859
150% FPL expansion (27.450 children by year end)	\$ 23,727,941	\$ 6,475,355
Total Cost of Benefits:	\$ 54,207,454	\$ 14,793,214

Administrative Costs:

Item 1: Direct Purchase:	\$ ***	\$ ***
Item 2: Health Service Initiatives	\$ ***	\$ ***
Items 3: Outreach Costs	\$ 900,000	\$ 245,610
"Production and dissemination of Materials	\$ 300,000	\$ 81,870
* Education and Marketing	\$ 600,000	\$ 163,740
Item 4: Administrative Costs	\$ 5,123,050	\$ 1,398,080
* Planning and Public Input	\$ 10,000	\$ 2,701
* Staff and Professional Services	\$ 1,270,043	\$ 513,901
* Automation/claims processing	\$ 1,893,007	\$ 516,602
Item 5: Evaluation	\$ 1,500,000	\$ 409,350
Item 6: Other Expenses	\$ 450,000	\$ 122,805

*** It is expected that **the final** Indiana Children's Health Insurance Program will include **some** direct purchasing of services and health service initiatives. Expenditure estimates **will be** provided in the Phase II State Plan. once additional legislation is enacted.

Total Administrative Cost:	\$ 6,023,050	\$ 1,643,690
Total FFY 98 Program Cost:	\$ 60,230,504	\$ 16,436,904

C The 27,000 to 42,000 children eligible for CHIP represent the same population as the 36,236 children in the budget who **are** estimated to be eligible for the 150% FPL **expansion**. **The** remainder of the budget estimate of 101,751 children represents the 65,515 children who **were** eligible for the SOBRA/u(3) expansion (effective May 13, 1997). The 27,000 to 42,000 estimate was made assuming that the SOBRA/u(3) children were already eligible for Medicaid.

According to our enrollment estimates, 16,250 of these SOBRA/u(3) children will have enrolled in Medicaid by September 30, 1998. Therefore, if the enrolled children are removed from the total of 65,515, the remainder (49,265) represents the SOBRA/u(3) **expansion** children **who** are eligible for Medicaid but have not enrolled. Of the 55,000 to 61,000 **total** eligible for Medicaid but unenrolled, these 49,265 children are the portion **eligible** due to the SOBRA/u(3) **expansion**.

The estimates of the number of uninsured children at various poverty levels were derived from the State Budget Agency and the Legislative Services Agency's **analysis** of data from three sources: 1990 Census data, increased by the Census population growth rate for Indiana; poverty data from the 1996 and 1997 Current Population Survey (CPS); and uninsured rates calculated from the 1997 CPS by the Employee Benefit Research Institute (EBRI). The **higher** estimate reflects an adjustment of the lower estimate to normalize to the total population figures reported in the 1997 CPS for Indiana.

D. Indiana projects that the following number of kids will **be** enrolled in Title **XXI** for each of the three years:

Year 1: 16,250 (SOBRA/u(3) expansion)
 7,500 (150% FPL expansion)

23,750 Children Total Year 1

Year 2: 29,000 (SOBRA/u(3) expansion)
 20,250 (150% FPL expansion)

49,250 Children Total Year 2


Year 3: 30,500 (SOBRA/u(3) expansion)
 27,450 (150% FPL expansion)

57,950 Children Total Year 3

E. The projected administrative costs have been incorporated into **question 9.1OB**.

Please contact Dari Kronenberger at 317-594-9596 if you **have** any additional **questions** regarding the Indiana CHIP State Plan.

Sincerely,


Katie Humphreys, Chair
Children’s Health Insurance Panel